

781—3.7(12C) Duties of the approved custodian.

3.7(1) An approved custodian shall enter into a Security and Custodial Agreement for the Deposit of Public Funds in Savings and Loans (Form 655-0205) with the public unit and the savings and loan.

3.7(2) An approved custodian shall accept only collateral which is eligible to be pledged under these rules.

3.7(3) An approved custodian shall segregate all collateral, maintaining open, notorious, continuous, active and exclusive possession of the collateral for the benefit of the public unit.

3.7(4) An approved custodian shall permit the withdrawal or substitution or addition of pledged securities only upon receipt of a Certification and Approval Form for the Withdrawal, Substitution or Addition of Pledged Securities (Form 655-0206), which contains the signatures of authorized persons representing the savings and loan and the public unit. Receipt of the authorization by facsimile transmission shall be adequate documentation to allow the approved custodian to release or accept pledged securities. The approved custodian shall implement procedures for documenting signatures of authorized persons of a savings and loan and the public unit.

3.7(5) An approved custodian shall issue a Joint Receipt of Custody (Form 655-0207) to the public unit and the savings and loan each time that a savings and loan substitutes new securities for pledged securities or a savings and loan pledges additional pledged securities.

3.7(6) An approved custodian shall establish a fee schedule for its services. Any and all such fees shall be the responsibility of, and be paid by, the respective savings and loan.

3.7(7) In the event that the public unit notifies an approved custodian of the default of a savings and loan, it shall thereafter act only upon the public unit's instructions with regard to any pledged securities.

3.7(8) An approved custodian shall, no later than the twentieth day of each month, provide a written report to those public units for which it serves as approved custodian. The following items shall be provided in the report:

a. The name of the savings and loan which has pledged securities to secure the uninsured public funds of the public unit.

b. An inventory of all pledged securities as of the last day of the preceding month which provides a description of the pledged securities and the par amount, maturity date, and market value of each.

c. The total par value and market value of all pledged securities as of the last day of the preceding month.

3.7(9) An approved custodian shall determine the market values of pledged securities as of the last day of the month for purposes of reporting to the public unit.